

EXHIBIT 61



ACTUARIAL STANDARDS BOARD

**Actuarial Standard
of Practice
No. 43**

Property/Casualty Unpaid Claim Estimates

**Developed by the
Subcommittee on Reserving of the
Casualty Committee of the
Actuarial Standards Board**

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Actuarial Standards Board
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selection of data to be used, relying on data supplied by others, reviewing data, and using data.

- 3.6.4 Recoverables—Where the unpaid claim estimate analysis encompasses multiple types of recoverables, the actuary should consider interaction among the different types of recoverables and should adjust the analysis to reflect that interaction in a manner that the actuary deems appropriate.
- 3.6.5 Gross vs. Net—The scope of the unpaid claim estimate analysis may require estimates both gross and net of recoverables. Gross and net estimates may be viewed as having three components, which are the gross estimate, the estimated recoverables, and the net estimate. The actuary should consider the particular facts and circumstances of the assignment when choosing which components to estimate.
- 3.6.6 External Conditions—Claim obligations are influenced by external conditions, such as potential economic changes, regulatory actions, judicial decisions, or political or social forces. The actuary should consider relevant external conditions that are generally known by qualified actuaries in the same practice area and that, in the actuary's professional judgment, are likely to have a material effect on the actuary's unpaid claim estimate analysis. However, the actuary is not required to have detailed knowledge of or consider all possible external conditions that may affect the future claim payments.
- 3.6.7 Changing Conditions—The actuary should consider whether there have been significant changes in conditions, particularly with regard to claims, losses, or exposures, that are likely to be insufficiently reflected in the experience data or in the assumptions used to estimate the unpaid claims. Examples include reinsurance program changes and changes in the practices used by the entity's claims personnel to the extent such changes are likely to have a material effect on the results of the actuary's unpaid claim estimate analysis. Changing conditions can arise from circumstances particular to the entity or from external factors affecting others within an industry. When determining whether there have been known, significant changes in conditions, the actuary should consider obtaining supporting information from the principal or the principal's duly authorized representative and may rely upon their representations unless, in the actuary's professional judgment, they appear to be unreasonable.
- 3.6.8 Uncertainty—The actuary should consider the uncertainty associated with the unpaid claim estimate analysis. This standard does not require or prohibit the actuary from measuring this uncertainty. The actuary should consider the purpose and use of the unpaid claim estimate in deciding whether or not to measure this uncertainty. When the actuary is measuring uncertainty, the actuary should consider the types and sources of uncertainty being measured and choose the methods, models, and assumptions that are appropriate for the measurement of such uncertainty. For example, when measuring the variability of an unpaid claim estimate covering multiple components, consideration should be given to whether the components are